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EASTERN EUROPEAN INTELLIGENCER

30 January 1968

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Belgrade-Bonn Trade Talks Suspended

After eleven days of talks in Bonn, Yugoslav-West German negotiations on a long term trade agreement were temporarily suspended on 25 January. The failure of Bonn to liberalize its policy on the import of Yugoslav goods is the reported reason for the suspension. Both sides have now agreed to "re-examine their positions and seek new instructions." Despite this impasse, agreement was reportedly reached on economic and technical cooperation, tourism, transportation, and Bonn's support for Yugoslav efforts to negotiate a trade agreement with the EEC.

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COMMENT: The Yugoslavs apparently are content to bide their time on the important question of trade liberalization in hopes of obtaining better terms after formal diplomatic relations with West Germany are resumed. Talks on this question were completed on 29 January and the announcement will probably come 31 January.

Rumania Plays Anniversary of Rumanian-Polish Treaty

Rumanian press treatment of the 19th anniversary of the Rumanian-Polish friendship treaty on 26 January was pro-forma. Predictably, the press coverage stressed the bilateral aspects of mutual relations to the exclusion of any mention of the international contexts of these relations.

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COMMENT: Rumania's lackadaisical treatment of the treaty anniversary can be in part attributed to the routine nature of the event.

However, the emphasis by the press on the bilateral aspects of the treaty also reflects one contentious point related to Rumania's general problem in renewing such treaties. Bucharest has evidenced determination to weaken both the mutual defense and "consultation on all important international issues" clauses in its treaties with its allies.

Thus, while it seems evident that Rumania is still negotiating with respect to renewing the Bulgarian, Hungarian, and Soviet treaties, Bucharest probably will not conclude revised treaties with Sofia and Budapest until it has first resolved its treaty problems with Moscow. According to the

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Hungarian Ambassador in Bucharest, a Rumanian team will go to Moscow in February to resume negotiations.

French Charge US with Blocking Czechoslovak Computer Deal

French newspapers and journals carried a story yesterday accusing the US of blocking at the last minute a joint British-French deal to sell computers to Czechoslovakia. From there the stories criticize the US role in trade controls generally, claiming that US firms are not free to sell in the Communist world and wish to block sales of better placed European firms. [redacted] 25X1

COMMENT: The British computer firm involved is a subsidiary of General Electric. If there is any truth to the French story, we do not yet know where it lies.

High-Level East German Delegation to Visit India

[redacted] Politburo member and chief propagandist Albert Norden will lead a delegation to India on 4 February. Included in the Norden party will be Thomas Silverstein, a Foreign Ministry referent for India, Professor Ernst Diehl, an historian with the Institute for Social Sciences of the SED Central Committee, Dr. Hemut Winkelmann, chief of the department of Marxism-Lenism at Humboldt University, and an unidentified Herr Muehlberg. 25X1

According to DDP, the Norden delegation will attend the party congress of the Communist Party of India (Right).

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Currency Revaluation Rumors Subside in Poland

Huge profits for currency speculators are so far the only result of a wave of rumors that currency changes are imminent in Poland. The rumors, which spread after the devaluation of the pound sterling and the rush on gold, alleged that banknotes would be called in and replaced by "hard" zlotys at the rate of one new zloty for ten old ones.

Another rumor, that state savings bank deposits would be exchanged at a more favorable rate, caused a rush to deposit spare cash. Meanwhile, currency speculators, jewelry and furniture stores did a land office business.

Last week, however, the rumors subsided as the Finance Ministry issued an official denial that currency changes were planned. On 22 January the chairman of the state bank said that "whatever methods the government might use to maintain financial equilibrium, it was against regulating purchasing power through a currency exchange." 25X1

COMMENT: Rumors of revaluation of the zloty are not new and, as suggested, probably stem in part from the devaluation of the pound. The Embassy in Warsaw recently heard from high-level Polish sources that the government does not intend to devalue, pointing out that such a move would only increase the current inflationary trend in Poland.

East Germans Comment on Renunciation of Force Agreements

Poliburo rapporteur Kurt Hager informed the SED Central Committee on 29 January that speculations about differences of opinion between the GDR and USSR regarding a proposed Soviet-West German renunciation of force agreement were "groundless." Hager stated that the "Soviet draft treaty" had been "coordinated" with the GDR and other socialist states, and said that the treaty "is in keeping with the interests of European security and the two German states."

Hager also commented on the recent Western speculation about a possible "Berlin crisis," terming this speculation an attempt to divert attention from treaties on non-use of force between the USSR and FRG and the GDR and FRG. Hager said that the question of changing the status quo of Berlin has not been raised either by the USSR or GDR. During the recent visit of Brezhnev, Kosygin, and Podgorny to the GDR, none of the participants in talks saw any need to raise the West Berlin problem.

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Hager commented that the "hectic hullabaloo" about West Berlin could not disguise the fact that it is up to Bonn to make its views clear on "basic issues" under discussion. "It remains to be seen," he said, "when Kiesinger will finally decide to reply to the Soviet note on the basic issue of the renunciation of the use of force."

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COMMENT: Hager's reference to a "Soviet draft treaty" is somewhat unclear. We are not aware of the existence of a draft treaty per se, but Soviet Ambassador Tsarapkin has been discussing a renunciation of force agreement with Willy Brandt for some time.

The East German line on renunciation of force agreements, stated most recently and clearly by Foreign Minister Winzer in the SED's theoretical journal, has been that only after Bonn concludes a renunciation of force agreement with Pankow can other socialist states sign similar treaties. Despite his comments on "coordination," Hager's public reference to an alleged draft treaty may indicate that the GDR is piqued over Soviet actions, and hopes to impede progress on any Soviet-FRG agreement by publicizing heretofore secret developments.

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